



OFFICE OF THE CITY AUDITOR COLORADO SPRINGS, COLORADO

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16-06 City of Colorado Springs Ballot Measure 2C Average Road Maintenance Spending (2012-2014)

March 2016

Purpose

The purpose of this audit was to determine the average amount spent from the General Fund on repair and maintenance of roads and streets during the years 2012, 2013, and 2014. The average amount spent will be used to measure future maintenance of effort during the term of Ballot Measure 2C. (See the bottom of page 2 for the ballot language.)

Conclusion:

Average annual spending for repair and maintenance of roads and streets from the General Fund for the period 2012 through 2014 was \$2,698,513. The Office of the City Auditor will evaluate whether the City has maintained this level of spending from the General Fund each year during the 2C term.

Background:

The Ballot for 2C included a directive for the Office of the City Auditor to calculate the 3-year average spending on repair and maintenance of roads and streets funded by the General Fund. In addition to activities funded by the General Fund, the Streets Department receives funding from the Pikes Peak Regional Transportation Authority (PPRTA). Because the PPRTA funds are subject to their own policies and oversight, this funding source was excluded for the purpose of this calculation.

Some activities performed by the Streets Division do not directly impact the repair and maintenance of the roads and therefore, were also excluded from the calculation. Whenever possible actual costs or budgetary line items were identified. Some costs had to be allocated based on the labor charged for applicable activities.

Streets Spending Breakdown

Applicable General Fund expenditures for Ballot Measure 2C

Details by category provided on back page	2012	2013	2014
Total Divisional Spending	\$21,431,009	\$22,045,657	\$23,896,989
Less: PPRTA - not funded through the General Fund	\$11,312,285	\$11,233,911	\$12,554,997
Less: Streets General Fund activities other than road repair and maintenance	\$8,715,030	\$8,187,944	\$7,273,949
Balance: Applicable 2C related road repair and maintenance costs	\$1,403,694	\$2,623,802	\$4,068,043
Average Applicable Expenditures 2012—2014	\$2,698,513		

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Methodology

Streets Division expenditures fell into the broad categories of Labor and Benefits, Operating Expenses, and defined Capital Improvement Projects (CIP). For this analysis, all PPRTA projects and related expenditures were first removed from the detailed data.

Labor was broken down into direct and indirect categories. The indirect category included supervision, inspection, and administrative salaries and benefits. Applicable amounts were determined based on the estimated percentage of time designated as contributing to road repair and maintenance for each employee, as opposed to other activities. Direct Labor and Benefits were calculated based on the actual labor reported in the work order system specifically identified as road repair and maintenance projects, exclusive of PPRTA funded work. Examples of work orders that were excluded from road repair and maintenance include snow removal, street sweeping, drainage projects, and dead animal removal.

Operating expenses for the Streets Division were reduced by all non-road repair and maintenance activities whenever the specific spending amount could be identified. Excluded expenditures included contracted snow removal, capital improvements made to the Streets facilities, and expenditures for drainage related projects. The remaining operating expenses were allocated using the percentage of applicable labor and benefits to total labor and benefits. Lastly, several Capital Improvement Projects (CIP) were included in their entirety in the calculation of applicable direct operating expenses.

Applicable Expenses	2012	2013	2014	3 year average
Indirect Labor—Supervisors/Inspectors/ Administrative Salaries & Benefits	\$ 344,723	\$ 365,624	\$ 405,616	
Direct Labor & Benefits	900,270	671,681	525,229	
Allocated Operating Expenses	158,701	109,072	175,853	
Direct Operating Expenses				
CIP Project #9320032—Road and Bridge Repair		1,477,425	290,018	
CIP Project #9320033—Academy Blvd. Paving			671,327	
Pothole Road Repairs			2,000,000	
Total	\$ 1,403,694	\$ 2,623,802	\$ 4,068,043	<u>\$ 2,698,513</u>

Excerpt from Ballot Measure 2C

“The expenditure of these revenues for road repairs and improvements is to be in addition to, and not in lieu of, amounts currently being expended by the City for road maintenance and improvements. During the period the temporary sales and use tax increase is in effect, the City will maintain spending on repair and maintenance of roads and streets at the average of the City's annual spending amount for such repair and maintenance during fiscal years 2012, 2013 and 2014. The City Auditor will perform an audit to calculate such average spending amount. Subject to City Charter limitations on preparation, submission and approval of the annual budget and annual appropriation ordinance, during such period, the City will annually expend at least the amount so computed on repair and maintenance of roads and streets. “

This audit was conducted in conformance with the International Standards for the Professional Practice of Internal Auditing, a part of the Professional Practices Framework promulgated by the Institute of Internal Auditors.